

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: November 28, 2016

Memorandum To: Board of Supervisors
County of King George, Virginia

From: Robinson, Farmer, Cox Associates

Regarding: Audit for fiscal year ended June 30, 2016

In planning and performing our audit of the financial statements of the County of King George, Virginia for the year ended June 30, 2016, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However during our audit fieldwork tests we noted certain matters involving the internal control structure and other operational matters that are presented herewith for your consideration. This letter does not affect our report dated November 28, 2016. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operational efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Treasurer's Office - Revenue Posting

During the course of our audit, we noted instances in which there were delays in the posting to the automated accounting system of revenues received via wire transfer, electronic funds transfer etc. For example, revenue in the amount of \$93,600 was received by the County via wire on June 28, 2016 and was not posted to the automated accounting system until September 7, 2016. We recommend that the Treasurer's office implement a practice of making inquiries of appropriate departments within the County on the day that an incoming wire advice is received as to the proper account to code a wire transfer or electronic funds transfer in order ensure that all revenues are posted to the automated accounting system in a timely manner.

School Board - Employee Benefit Account

During the course of our audit, we noted that the School Board maintains an Employee Benefit bank account. Monies collected for things such as sympathy flowers etc. are deposited into the account. Prior to the fiscal year ending June 30, 2016 the Treasurer's Office and the Finance Department had not been made aware of this bank account. While these funds are not County or School Board funds they are maintained in a bank account that is set up in the Tax ID number of the School Board so they are "agency funds". We recommend that communication be made with the Treasurer's Office and the Finance Department in advance of the opening of any bank accounts.

Governmental Accounting Standards Board Pronouncements

In order to assist your staff in preparing for upcoming accounting changes, we have included the following summaries of Governmental Accounting Standards Board (GASB) pronouncements that will affect the County in upcoming years.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.